

Credit Union Department



NEWSLETTER

No. 05-04

www.tcred.state.tx.us

May 31, 2004

NOTICE OF CONCURRENT COMMISSION MEETING

The Credit Union Commission will meet concurrently with the Finance Commission of Texas on Friday, June 18, 2004, at 9:00 a.m. in Austin at the Texas State Capitol, 1110 North Congress Avenue, Capitol Extension, Room E1.036. The purpose of the concurrent meeting is to address various Home Equity Lending Interpretations.

NOTICE OF REGULAR COMMISSION MEETING

The Credit Union Commission will hold its regular meeting on Friday, June 18, 2004, at 9:30 a.m. or 15 minutes after the adjournment of the concurrent meeting in Austin at the Texas State Capitol, 1110 North Congress Avenue, Capitol Extension, Room E1.036. [Click here for a copy of the draft agenda.](#)

IRS FORM 990

On April 29, 2004, an Internal Revenue Service Form 990 was filed as a group return for all state-chartered credit unions using group exemption number (GEN) 2742, which was assigned to the Department by the IRS in 1976. The following information applies to this filing:

Name and address of tax return:

Credit Union Department of the State of Texas
Group Return
914 East Anderson Lane
Austin, Texas 78752

Employer identification number:

74-69627722

Tax year or period of return:

January 1, 2003 through December 31, 2003

Date return was filed:

April 29, 2004

2004 CREDIT UNION DEPARTMENT SATISFACTION QUESTIONNAIRE RESULTS

In mid March, the Department sent out its ninth annual questionnaire. This questionnaire was designed to solicit credit unions' opinions on how to improve the quality and efficiency of the examination process, as well as the services provided by the Department.

Completion of the survey was voluntary and anonymous, although some credit unions chose to identify themselves. Of the 172 credit unions that responded, 97% believe that the Department provides credit unions with quality service. This compares to 98% reported for 2003. This approval rating far surpassed the 85% goal established by the Commission for 2004.

RISK MANAGEMENT OF CREDIT UNION PRODUCTS AND SERVICES

During periods of reduced net interest margins, stagnant or slow loan growth, and increased competition, credit union management and directors face many challenges in seeking to improve the credit union's financial performance. Engaging in new, expanded, or modified credit union products or services is often considered a solution. However, if management and the board are overly focused on expected returns, do not have a good understanding of the inherent risks, or have poor governance practices, the credit union's ability to effectively measure, monitor, and control the risks inherent in such products or services may be compromised.

The Department expects credit union management and the board to oversee all new, expanded, or modified products and services through an effective risk management process. Failure to provide an effective risk management process is an unsafe and unsound credit union practice. An effective risk management process includes (1) performing adequate due diligence prior to introducing the product, (2) developing and implementing controls and processes to ensure risks are properly measured, monitored, and controlled, and (3) developing and implementing appropriate performance monitoring and review systems. The formality of the credit union's risk management process should reflect the size of the credit union and the complexity of the product or service offered.

WEBLINKING

A significant number of credit unions maintain sites on the World Wide Web. Many of these websites contain weblinks to other sites not under direct control of the credit union. The use of weblinks can create certain risks to the credit union. Management should be aware of these risks and take appropriate action to address them.

Generally, when a credit union links to a third party that is providing financial products or services, management should consider taking extra precautions to prevent member confusion. For example, a credit union linked to a third party that offers nondeposit investment products should take steps to prevent member uncertainty

specifically with respect to whether the credit union or the third party is offering the products and services and whether the products and services are federally insured.

Credit unions should recognize, even in the case of non-financial products and services, that members may have expectations about a credit union's due diligence and its selection of third parties to which the credit union links its website. Should members experience dissatisfaction as a result of poor quality products or services, or loss as a result of their transactions with those companies, they may consider the credit union responsible for the perceived deficiencies of the seller.

DEPARTMENT NEWSLETTER

In March of 2003, the Department instituted a new process for delivering the Department's newsletter. Specifically, credit unions are receiving the newsletter electronically. To continue serving you in the best way possible, please contact Isabel Velasquez, Executive Assistant at Isabel.velasquez@tcud.state.tx.us if your e-mail address has changed or your credit union now has e-mail capabilities. For your convenience, the Department's newsletter is also available on the TCUD website (<http://www.tcud.state.tx.us>).

PUBLISHING NOTICE OF APPLICATIONS IN THE TEXAS REGISTER

In order to meet the submission deadlines for the applicable issues of the Texas Register, it is necessary for the Department to establish the schedule included below. Completed applications received after the deadline for the month cannot be published until the following month.

<u>Published In</u>	<u>Deadline for Receipt</u>
June, 2004	Friday, June 11
July, 2004	Friday, July 16
August, 2004	Friday, August 13

APPLICATIONS APPROVED

Applications approved since April 30, 2004 include:

<u>Credit Union</u>	<u>Changes or Groups Added</u>
Field of Membership Change(s) Approved:	
First Educators Credit Union (Houston) (#1) (Amended) Persons who live, work, or attend school in and businesses in Harris and Montgomery Counties, Texas.	See Newsletter No. 03-04
TCC Credit Union (Dallas)	See Newsletter No. 03-04
Texas Health Credit Union (Austin) (#2)	See Newsletter No. 03-04
Vought Heritage Credit Union (Grand Prairie) (#1)	See Newsletter No. 03-04
Vought Heritage Credit Union (Grand Prairie) (#2)	See Newsletter No. 03-04
Vought Heritage Credit Union (Grand Prairie) (#3)	See Newsletter No. 03-04
Access Credit Union (Amarillo)	See Newsletter No. 04-04
S&S Credit Union (Houston)	See Newsletter No. 04-04

Articles of Incorporation Change(s) Approved:

First Educators Credit Union (Houston)	See Newsletter No. 03-04
---	--------------------------

APPLICATIONS RECEIVED

The following applications were received and published in the May 28, 2004 issue of the Texas Register.

Field of Membership Expansion(s):

Baptist Credit Union (San Antonio) – To permit students enrolled at the San Antonio Campus of Wayland Baptist University, to be eligible for membership in the credit union.

Community Resource Credit Union (Baytown) (#1) –To permit persons who live, work, attend school or worship in and businesses located within the boundaries of the Huffman Independent School District, to be eligible for membership in the credit union.

Community Resource Credit Union (Baytown) (#2) –To permit persons who live, work, attend school or worship in and businesses located within the boundaries of the Humble Independent School District, to be eligible for membership in the credit union.

Community Resource Credit Union (Baytown) (#3) –To permit persons who live, work, attend school or worship in and businesses located within the boundaries of the New Caney Independent School District, to be eligible for membership in the credit union.

First Financial Community Credit Union (Brownsville) – To permit persons who live, work, worship, attend school, and all businesses in Hidalgo, Willacy, Starr, and Kenedy Counties, Texas, to be eligible for membership in the credit union.

Government Employees Credit Union of El Paso (El Paso) – To permit persons who work or reside in Dona Ana County New Mexico within a 25 mile radius of the GECU office located at 1500 N. Resler Drive in El Paso, Texas, to be eligible for membership in the credit union.

Applications Received (Continued):

Members Choice Credit Union (Houston) (#1) – To permit persons who live, work, or attend school in and businesses Harris County, Texas, to be eligible for membership in the credit union.

Members Choice Credit Union (Houston) (#2) – To permit persons who live, work, or attend school in and businesses in Fort Bend County, Texas, to be eligible for membership in the credit union.

Members Choice Credit Union (Houston) (#3) – To permit persons who live, work, or attend school in and businesses in Waller County, Texas, to be eligible for membership in the credit union.

Members Choice Credit Union (Houston) (#4) – To permit persons who live, work, or attend school in and businesses in Montgomery County, Texas, to be eligible for membership in the credit union.

Members Choice Credit Union (Houston) (#5) – To permit persons who live, work, or attend school in and businesses in Brazoria County, Texas, to be eligible for membership in the credit union.

Members Choice Credit Union (Houston) (#6) – To permit persons who live, work, or attend school in and businesses in Austin County, Texas, to be eligible for membership in the credit union.

Winkler County Credit Union (Kermit) – To permit persons who live in, worship in, attend school in, or work in Reeves County, Texas, to be eligible for membership in the credit union.

Texas One Community Credit Union (Houston) – To permit persons who live, work or attend school in and businesses in Harris, Montgomery, Waller, and Fort Bend Counties, Texas, to be eligible for membership in the credit union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Credit unions that wish to comment on any application must also complete a Notice of Protest form. The form may be obtained by contacting the Department at (512) 837-9236 or downloading the form at <http://www.tcud.state.tx.us/applications.html>. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

Articles of Incorporation Change(s):

S&S Credit Union (Houston) -- The credit union is proposing to change its name to Space City Credit Union.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

The following application was received and will be published in the June 4, 2004 issue of the Texas Register.

Foreign Credit Union to Operate a Branch Office:

An application was received from **Wescom Credit Union** (Pasadena, California) to operate a Foreign (out-of-state) Branch Office at 14141 S. W. Freeway, Sugar Land, Texas. This application is contingent upon approval of the merger of **Unocal Federal Credit Union** with **Wescom Credit Union**.

Comments or a request for a meeting by any interested party relating to an application must be submitted in writing within 30 days from the date of this publication. Any written comments must provide all information that the interested party wishes the Department to consider in evaluating the application. All information received will be weighed during consideration of the merits of an application. Comments or a request for a meeting should be addressed to the Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699.

